

THE EMPLOYEE'S RETIREMENT SYSTEM OF JEFFERSON PARISH

Annual Financial Report

As of and for the Year Ended

December 31, 2009

With Comparatives for 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

7/14/10

KEITH J. ROVIRA
Certified Public Accountant

**THE EMPLOYERS' RETIREMENT SYSTEM
OF JEFFERSON PARISH, LOUISIANA**

Annual Financial Report

and

Independent Auditor's Report

As of and for the Year Ended

December 31, 2009

With Comparatives for 2008

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees of
The Employees' Retirement System of
Jefferson Parish, Louisiana
A Component Unit of Jefferson Parish

I have audited the basic financial statements of the Employees' Retirement System of Jefferson Parish, a component unit of Jefferson Parish, as of and for the years ended December 31, 2009 and 2008, as listed in the table of contents. These basic financial statements are the responsibility of the System's management. My responsibility is to express an opinion on these basic financial statements based on my audits.

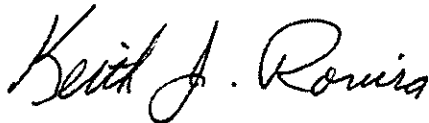
I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Employees' Retirement System of Jefferson Parish as of December 31, 2009 and 2008, and the results of its operations for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated February 23, 2010, on my consideration of the Employees' Retirement System of Jefferson Parish's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audits.

Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information, and express no opinion on it.

My audits were performed for the purpose of expressing an opinion on the basic financial statements taken as a whole. All other accompanying financial information listed as other supplementary information, in the table of contents is presented for informational purposes to the reader and is not a required part of the basic financial statements of the Employees' Retirement System of Jefferson Parish. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in my opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Keith J. Rovira
Certified Public Accountant

February 23, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Management's Discussion and Analysis
December 31, 2009 and 2008

The Management's Discussion and Analysis (MD&A) of the Employees' Retirement System of Jefferson Parish's (System) financial performance presents a narrative overview and analysis of the System's financial activities for the years ended December 31, 2009 and 2008. The System is a component unit of Jefferson Parish and is reporting as a single-employer defined benefit pension plan which is closed to new employee participants. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the basic financial statements. The MD&A is an element of the new reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" issued June, 1999. Certain comparative information between the current year and prior year has been presented in the MD&A.

FINANCIAL HIGHLIGHTS

The minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by GASB Statement No. 34 are divided into the following sections:

- (a) Management's Discussion and Analysis
- (b) Basic Financial Statements
- (c) Required Supplementary Information (other than MD&A)

Basic Financial Statements:

The basic financial statements present information for the System as a whole, in a format designed to make the statements easier for the reader to understand. The two statements in this section are the Statement of Plan Net Assets and the Statement of Changes in Plan Net Assets.

The Statement of Plan Net Assets is prepared on the accrual basis of accounting. Plan assets are subdivided into (a) major categories of assets held (for example, cash and cash equivalents, receivables, investments, and assets used in plan operations) and (b) the principal components of the receivables and investment

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Management's Discussion and Analysis (Continued)
December 31, 2009 and 2008

categories. Assets and liabilities are presented separately on the statement. Plan liabilities generally consist of regular accounts payables for administrative expenses, retirees' payments and deductions for health insurance premiums payable, federal income tax withholdings, and accrued annual and sick leave. Plan liabilities are recognized on the accrual basis. The difference between total assets and total liabilities is called Net Assets Held in Trust for Pension Benefits. This statement may provide a useful indicator of whether the financial position of the System is improving or deteriorating.

The Statement of Changes in Plan Net Assets presents information showing how the System's assets changed as a result of current year operations and activities. Regardless of when cash is affected, all changes in plan net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods. This is known as accrual basis accounting. This statement presents information in two principal sections, Additions and Deductions. Additions are comprised of employer and member contributions and net investment income (loss). The resulting difference between investment income and investment expense is net investment income (loss). Deductions include benefit payments to retirees, refunds of employee contributions, and administrative expenses. The difference between total additions and total deductions is reported as the Net Increase (Decrease) in Plan Net Assets for the year.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Management's Discussion and Analysis (Continued)
December 31, 2009 and 2008

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Plan Net Assets
As of December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 306,975	\$ 331,321
Investments	28,042,562	24,282,047
Capital assets	<u>5,943</u>	<u>6,537</u>
Total Assets	<u>28,335,480</u>	<u>24,619,905</u>
Current liabilities	69,726	72,298
Long-term liabilities	<u>42,882</u>	<u>39,299</u>
Total Liabilities	<u>112,608</u>	<u>111,597</u>
Net Assets Held in Trust for Pension Benefits	<u>\$28,242,872</u>	<u>\$24,508,308</u>

All of the System's net assets are essentially held in trust at a local financial institution for the payment of future pension benefits and administrative operations.

Net Assets Held in Trust for Pension Benefits by the System increased by \$3,734,564, or 15.2%, from December 31, 2008 to December 31, 2009. The most significant cause for this was the overall increase in value of investments due to a recovery in the United States stock markets and general world-wide financial markets.

Statement of Changes in Plan Net Assets
For the Year Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Additions (Deductions)	\$6,525,764	\$(4,872,741)
Deductions	<u>(2,791,200)</u>	<u>(2,733,024)</u>
Net Increase (Decrease) in Plan Net Assets	<u>\$3,734,564</u>	<u>\$(7,605,765)</u>

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Management's Discussion and Analysis (Continued)
December 31, 2009 and 2008

ACTUARIAL ACCRUED LIABILITY, DEBT ADMINISTRATION AND CAPITAL ASSETS

Actuarial Accrued Liability:

As noted in the Schedule of Funding Progress in the Required Supplementary Information section of this audit report, the System's actuary has calculated the actuarial accrued liability of the System as of December 31, 2009, to be \$45,055,594, a \$395,562 decrease, or .87% from 2008 figures. The actuary also calculated the "unfunded" actuarial accrued liability to be \$15,402,909 at December 31, 2009, which is an increase of \$351,650, or 2.3% from 2008.

Debt:

The System's outstanding debt on its Statement of Plan Net Assets at year-end was comprised principally of various liabilities and deductions totaling \$69,726 and accrued annual and sick leave totaling \$42,882. Funding of these debts will come from future employer and member contributions plus net income from investments.

Capital Assets:

At December 31, 2009, the System had \$36,205 invested in office equipment. This amount represents the total original cost of the capital assets held by the System. Accumulated depreciation on these assets totalled \$30,262, leaving capital assets, net of depreciation to be \$5,943. This amount is insignificant to the overall financial position and operations of the System.

ECONOMIC FACTORS AND NEXT YEAR'S RECOMMENDED CONTRIBUTION RATES

The annual actuarial valuation of the System is prepared as of the end of each fiscal year, and reported on, by G. S. Curran & Company, Ltd., consulting actuaries. Included in that report is the actuary's recommended employer contribution rate which is needed to meet the System's funding plan.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Management's Discussion and Analysis (Continued)
December 31, 2009 and 2008

The Board of Trustees reviews each annual report, including the underlying actuarial assumptions. The Board then recommends an employer contribution rate for the following year to the Parish Administration for inclusion in the Parish budget. In accordance with the funding policy, the rate recommended by the Board to the Administration has never been less than the actuary's recommended rate.

The assumed rate of return is the average rate of total return on investments expected in the future, realizing that some years will produce greater returns and some years will produce lesser returns. This assumed rate is one of the actuarial assumptions which most affects current recommended contribution rates. A reduction in this rate will cause contribution rates to increase, and an increase in this rate will cause contribution rates to decrease. Actuarial valuations are based on an assumed investment rate of return of 7.0%, which was the same for the previous year.

The actuary's recommended employer contribution rates for years 2008, 2009 and 2010 are 1.52%, 1.40% and 1.50%, respectively. The System's actual employer contribution rates for those same years are 1.52%, 1.52% and 1.52%.

The Board of Trustees believes that the System will continue to be able to maintain sufficient liquid assets necessary to meet its expected needs and annual pension benefit obligations. The Board's annual review of the actuarial valuation will allow the System to timely adjust to changing conditions so as to provide all members their promised benefits at the least cost to the Parish.

The Board of Trustees is in continuous contact with the brokers of the System's investment portfolio, keeping abreast of the forever and rapidly changing investment securities market here in the United States and on a global basis, as it applies to the System's investments.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Management's Discussion and Analysis (Continued)
December 31, 2009 and 2008

CONTACTING THE SYSTEM'S MANAGEMENT

This financial report is designed to provide our retirees, system beneficiaries, citizens, taxpayers, investors and creditors with a general overview of the System's finances, and to show the System's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Employees' Retirement System of Jefferson Parish, Louisiana at Suite 4100, P.O. Box 9, Gretna, Louisiana, 70054 or call them at 504-364-2668.

BASIC FINANCIAL STATEMENTS

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Statements of Plan Net Assets
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash	\$ <u>83,506</u>	\$ <u>90,143</u>
Receivables:		
Employer contributions	81,471	71,299
Members contributions	1,832	1,873
Accrued interest & dividends	121,687	128,791
Other receivables:		
Early retirement (Note F)	<u>18,479</u>	<u>39,215</u>
Total Receivables	<u>223,469</u>	<u>241,178</u>
Investments: (Note B.3. & D)		
Common stocks	15,414,399	11,974,142
Mutual fund-common stock equities	2,661,876	1,270,819
Mutual fund-money market/cash reserve	904,414	498,464
Corporate bonds	3,492,287	2,938,407
U.S. Treasury obligations	1,548,494	1,261,266
U.S. Government agencies	3,575,332	5,124,889
Exchange traded funds	<u>445,760</u>	<u>1,214,060</u>
Total Investments	<u>28,042,562</u>	<u>24,282,047</u>
Office equipment, net of accumulated depreciation (Note E)	<u>5,943</u>	<u>6,537</u>
Total Assets	<u>28,335,480</u>	<u>24,619,905</u>
LIABILITIES		
Accounts payable	19,804	19,097
Accrued annual and sick leave	42,882	39,299
Hospitalization premiums payable	<u>49,922</u>	<u>53,201</u>
Total Liabilities	<u>112,608</u>	<u>111,597</u>
Net Assets Held in Trust for Pension Benefits (A Schedule of Funding Progress for the System is presented on page 26)	<u>\$28,242,872</u>	<u>\$24,508,308</u>

(Continued)

The accompanying notes are an integral part of this statement.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Statements of Changes in Plan Net Assets
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ADDITIONS		
Contributions:		
Employer	\$2,211,236	\$2,193,790
Members	<u>50,512</u>	<u>64,560</u>
Total Contributions	<u>2,261,748</u>	<u>2,258,350</u>
Investment income:		
Net appreciation (depreciation)		
in the fair value of investments	3,641,036	(7,860,781)
Interest	404,446	495,269
Dividends	<u>302,443</u>	<u>331,849</u>
	4,347,925	(7,033,663)
Less: Investment expense	<u>(83,909)</u>	<u>(97,428)</u>
Net investment income	<u>4,264,016</u>	<u>(7,131,091)</u>
Total (Deductions) Additions	<u>6,525,764</u>	<u>(4,872,741)</u>
DEDUCTIONS		
Benefits	2,511,283	2,448,238
Refunds of contributions	39,072	46,622
Administrative expense (Page 30)	<u>240,845</u>	<u>238,164</u>
Total Deductions	<u>2,791,200</u>	<u>2,733,024</u>
Net (Decrease) Increase	3,734,564	(7,605,765)
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	<u>24,508,308</u>	<u>32,114,073</u>
End of Year	<u>\$28,242,872</u>	<u>\$24,508,308</u>

(Continued)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements
December 31, 2009 and 2008

NOTE A - DESCRIPTION OF THE SYSTEM

The following brief description of the Employees' Retirement System of Jefferson Parish (System), established January 1, 1973, is provided for general information purposes only. Participants should refer to Ordinance No. 11027 and all amendments for more complete information.

The System is a single-employer defined benefit pension plan replacing Social Security for substantially all employees of Jefferson Parish who began their employment prior to December 15, 1979. On that date the System merged with the Parochial Employees' Retirement System of Louisiana (PERS) and became a closed system; all new employees of the Parish after that date are members of PERS only.

Beginning on January 1, 1980, PERS provided substantially all benefits to new retirees who belonged to both systems. For such retirees, the benefits provided by the Jefferson System are now limited to amounts resulting from differences between benefits provided by the two systems: Jefferson's free credit for military service to retirees who did not purchase credit from PERS, Jefferson's automatic one-half benefit to a surviving spouse, and Jefferson's guarantee that combined retirement benefits at least equal the benefits a member would have received had they remained under only Social Security and PERS until the date of their retirement, death or disability.

The System permits retirement at age 60 with at least 10 years of service. Members terminating before rendering 10 years of service may elect to receive a lump-sum distribution equal to their accumulated contributions at their termination date.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 2009 and 2008

NOTE A - DESCRIPTION OF THE SYSTEM (CONTINUED)

The following employee membership data is actuarially determined and is a categorized listing of the total number of members on whom the Jefferson System retains liability as of December 31, 2009:

Retirees and beneficiaries currently receiving benefits	774
Terminated employees entitled to benefits but not yet receiving them	28
Active plan members	<u>82</u>
Total	<u>884</u>

Number of participating employers (Jefferson Parish)	1
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The plan is closed to new entrants.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The System's financial statements are prepared using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when incurred. Contributions from the System and the System's employees are recognized as revenue in the period in which employees provide services to the System. Contributions made to the System by Jefferson Parish, the employer, are recognized when due and the employer has made a formal commitment to provide the contributions. Pension benefits and refunds of employee contributions are recognized when due and payable in accordance with the terms of the plan. Investment income is recognized as earned by the plan.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 2009 and 2008

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The System has adopted the provisions of Governmental Accounting Standards Board Statement No. 40, "Deposit and Investment Risk Disclosures." The statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The required disclosures are included in Note D to the financial statements.

In addition, these financial statements include management's discussion and analysis, as required by the Government Accounting Standards Board (GASB) in their Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", which was issued in June, 1999.

2. Reporting Entity

In classifying the reporting entity, certain criteria for defining the organizations, functions and activities of a governmental unit should be included in the general purpose financial statements of the Employees' Retirement System of Jefferson Parish. Such information has been subjected to the auditing procedures applied in the audit of the financial statements of that governmental entity. The criteria considered and evaluated were accountability for fiscal matters, scope of public service and manifestations of oversight. Manifestations of oversight were considered to include the designation of management, the selection of the governing board and the ability to significantly influence operations. Accountability for fiscal matters was considered to include control over surpluses, responsibility for debt, managerial control of fiscal matters, certain revenue characteristics and budgetary approval, or the lack thereof.

Based on the foregoing criteria, the Employees' Retirement System of Jefferson Parish was determined to be a component unit of Jefferson Parish, the governmental entity with oversight responsibility. The accompanying financial statements present information only on those funds maintained by the System and do not present information on Jefferson Parish, the general government services provided by that governmental entity, or other governmental entities that comprise the governmental reporting entity.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 2009 and 2008

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Cash and Investments
Governmental Accounting Standards Board Statement No. 50, "Pension Disclosures", requires the disclosure of cash deposits with financial institutions and investments, and amends GASB Statements No. 25 and 27. All cash deposits are valued and reported at cost, which approximates fair value. Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates at December 31.
4. Capital Assets
Office equipment is valued at cost less accumulated depreciation, calculated on a straight-line basis over estimated useful lives of 5 and 10 years.
5. Annual and Sick Leave
Annual leave (vacation) and sick leave (sick pay) are accrued when incurred for the office employees.
6. Comparative Data
Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the System's financial position and operations.
7. Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE C - CONTRIBUTIONS AND CONTRIBUTION RATES

Contribution rates for plan members are actuarially determined. The required contribution percentages for members depends on which retirement system that individual is a member. The rates are applied to an employee's annual covered salary. Member contribution rates may be amended only by the Jefferson Parish Council.

The employer contribution rate for the System is actuarially determined. The System's Board of Trustees can recommend a

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 2009 and 2008

NOTE C - CONTRIBUTIONS AND CONTRIBUTION RATES (CONTINUED)

change in the employer contribution rate, however the Jefferson Parish Council has to approve the change.

For 2008, 2009, and 2010, periodic employer and employee contribution rates were actuarially determined. The contribution requirements recommended by the System's actuary and the actual rates used for these years are as follows:

	<u>2008</u>		<u>2009</u>		<u>2010</u>	
	<u>Recom- mended</u>	<u>Actual</u>	<u>Recom- mended</u>	<u>Actual</u>	<u>Recom- mended</u>	<u>Actual</u>
Jefferson System only:						
Employee rate	6.05%	6.05%	6.05%	6.05%	6.05%	6.05%
Employer rate	7.57%	7.57%	7.45%	7.57%	7.55%	7.57%
PERS, Firefighters & Jefferson Systems:						
Employee rate	.8% minus \$4 per month		.8% minus \$4 per month		.8% minus \$4 per month	
Employer rate	1.52%	1.52%	1.40%	1.52%	1.50%	1.52%
PERS & Firefighters Systems only:						
Employee rate	-	-	-	-	-	-
Employer rate	1.52%	1.52%	1.40%	1.52%	1.50%	1.52%

NOTE D - CASH DEPOSITS AND INVESTMENTS

Governmental Accounting Standards Board Statement No. 40, "Deposit and Investment Risk Disclosures" establishes and modifies disclosure requirements related to the following deposit and investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk, as applicable.

Cash Deposits

At year-end, the carrying amount of the System's cash account was \$83,506. The bank balance deposit was \$94,624. Federal depository insurance (FDIC) totaling \$250,000, and securities pledged as collateral totaling \$273,081 held by the

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 2009 and 2008

NOTE D - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

pledging institution's agent in the name of the System, secured this bank balance during the year. The inflow and outflow of cash deposits within the System's checking account is monitored by the financial institution frequently, in order to make sure all deposits are protected by either FDIC or securities pledged as collateral.

Investments

The System's Investment Policy Statement, which was signed on March 14, 2008, between the Board of Trustees of the Employees' Retirement System of Jefferson Parish, hereinafter referred to the "System", and the brokerage house, Capital One Asset Management, LLC, hereinafter referred to the "Broker," sets up certain agreed-upon criteria and assumptions for the active management of the System's investments, as follows:

- (1) Investment Objective: long-term growth - to achieve annual returns of 5-7% above the rate of inflation over a long-term investment.
- (2) Time Horizon: By the year 2019 all members of the System will be in retirement.

The System is authorized to invest under the Prudent-Man Standard. The Prudent-Man Standard requires that each member of the Board of Trustees to act collectively on behalf of the System, to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.

Furthermore, no trustee and no employee on the Board of Trustees shall have any direct interest in the gains or profits of any investment made by the Board of Trustees, nor as such receive any pay or emolument for his/her service. No trustee or employee of the board shall directly to indirectly, for himself or as an agent in any manner use the same, except to make such current and necessary payments as are authorized by the Board of Trustees; nor shall any trustee or employee of the Board of Trustees become and endorser or surety or in any manner an obligor for moneys loaned or borrowed from the Board of Trustees.

Risk Tolerance

Investment theory and historical capital markets return data suggest that, over long periods of time, there is a

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 2009 and 2008

NOTE D - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

relationship between the level of risk assumed and the level of return that can be expected in an investment program. In general, higher risk (e.g., volatility of return) is associated with higher return. Given this relationship between risk and return, a fundamental step in determining the investment policy for the portfolio is the determination of an appropriate risk tolerance. There are two primary factors that affect the investor's risk tolerance: (1) financial ability to accept risk within the investment program, and; (2) willingness to accept return volatility.

Taking these two factors into account, the System has rated its own risk tolerance as, above average. The System is also willing to accept an above average risk tolerance and a high level of portfolio volatility.

A "target allocation" of equity holdings of 70% and fixed income/bond holdings of 30% is to be maintained in the portfolio. This allocation was principally agreed upon in the Investment Policy between the System and the Broker.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the System's investment in a single issuer.

Equity Portfolio:

The System's investment policy states that the equity portfolio should be diversified to avoid undue exposure to any single economic sector, industry group, or individual security: (1) no more than 10% of total equity assets can be invested in any one stock or issuing corporation; (2) no more than 20% of the market value of the equities should be invested in any one industry at the time of purchase; (3) investments in any corporation should not exceed 5% of the outstanding shares of the corporation.

Long-term Fixed Income Portfolio:

Excluding U.S. government securities, or securities guaranteed by the U.S. government, no more than 4% of assets will be held in securities of any one entity. Also, in no event shall more than 10% of the market value of the portfolio consist of investments rated less than the minimum rating required for

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 2009 and 2008

NOTE D - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

purchase. Any security which receives a rating of less than Ba-3 by Moody's or BB- by Standard and Poors shall be sold within 30 days of receiving that rating.

At December 31, 2009, there were no investment holdings that exceeded the System's concentration of credit risk investment policy.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. According to the System's investment policy, in no event shall more than 10% of the market value of the portfolio consist of investments rated less than the minimum rating required for purchase. Any security which receives a rating of less than Ba-3 by Moody's or BB- by Standard and Poors shall be sold within 30 days of receiving that rating.

The System also invests in obligations guaranteed or explicitly guaranteed by the U.S. Government and these investments are not considered to have credit risk. These obligations include debt securities with the Federal Home Loan Mortgage/Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and U.S. Treasury Notes.

Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

On the Broker's books, the System's investments are segregated from the Broker's assets while being held in trust in the name of the System.

The System did not have a formal policy regarding custodial credit risk as of December 31, 2009.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in the interest rate will adversely affect the fair value of an

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 2009 and 2008

NOTE D - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

investment. As of December 31, 2009, the System had the following investments in long-term debt (fixed income) securities and maturities:

Investment Type -	Fair Value	Less Than 5 Years	5 to 10 Years	More Than 10 Yrs.
<u>Fixed Income Securities</u>				
Tennessee Valley Auth.	\$860,944	\$860,944	-	-
Federal Farm Cr. Bk.	1,084,375	1,084,375	-	-
Federal Home Loan Mtg.	1,230,441	250,615	\$4,200	\$975,626
Federal Nat'l Mtg Assn.	2,627	-	2,627	-
GNMA Gtd. #713872	396,945	-	-	396,945
U.S. Treasury Notes	1,404,869	357,703	1,047,166	-
U.S. Treasury Bond	143,625	-	-	143,625
Corporate Bonds	<u>3,492,287</u>	<u>1,623,409</u>	<u>958,800</u>	<u>910,078</u>
	<u>\$8,616,113</u>	<u>\$4,177,046</u>	<u>\$2,012,793</u>	<u>\$2,426,274</u>

The System does not have a formal policy regarding interest rate risk as of December 31, 2009.

Foreign Currency Risk

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. All of the System's foreign investments are traded on United States exchanges.

The System does not have a formal policy regarding foreign currency risk as of December 31, 2009.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 2009 and 2008

NOTE E - OFFICE EQUIPMENT

A summary of changes in office equipment and related accumulated depreciation on those capital assets for the year ended December 31, 2009 is as follows:

Office Equipment:

	Balance January 1, <u>2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2009</u>
Office equipment	\$35,140	\$1,065	-	\$36,205
Total	\$35,140	\$1,065	-	\$36,205

Accumulated Depreciation:

	Balance January 1, <u>2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2009</u>
Office equipment	\$28,603	\$1,659	-	\$30,262
Total	\$28,603	\$1,659	-	\$30,262

NOTE F - OTHER RECEIVABLES - EARLY RETIREMENT OPTION

In 2006, the Jefferson Parish Council passed Ordinance Nos. 22699 and 22804, which had the effect of offering an early retirement program to a certain group of parish employees. The retirement benefits are to be paid through the System for this program and on behalf of the Parish. Per these ordinances, the Parish shall reimburse this System for benefits incurred and paid out. The balance of \$18,479 at year-end merely reflects the amount the Parish owes the System for benefits paid out at the end of the year. The Parish is consistently reimbursing the System these amounts on a monthly recurring basis.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 2009 and 2008

NOTE G - LITIGATION

As of December 31, 2009, the System is not a defendant in any lawsuits, and no liability should be set up in the financial statements.

NOTE H - TREND INFORMATION

Trend information gives an indication of the progress made in accumulating sufficient assets to pay pension benefits when due. It also presents multi-year trend information disclosing the increase or decrease of the actuarial value of plan assets over time relative to the actuarial accrued liability for benefits. Six-year trend data may be found in the Supplementary Information section of this report.

REQUIRED SUPPLEMENTARY INFORMATION

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
 Required Supplementary Information
 Schedule of Funding Progress
 December 31, 2009

	(A)	(B)	(B) - (A)	(A/B)
Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued Liability- (AAL) <u>Entry Age</u>	Unfunded AAL (UAAL)	Funded Ratio %
2004	\$26,005,542	\$39,409,017	\$13,403,475	65.99%
2005	27,430,862	40,671,070	13,240,208	67.45
2006	28,435,758	42,502,024	14,066,266	66.90
2007	31,291,977	45,692,808	14,400,831	68.48
2008	30,399,897	45,451,156	15,051,259	66.88
2009	29,652,685	45,055,594	15,402,909	65.81

	(C)	[(B-A)/C]
Actuarial Valuation <u>Date</u>	Covered <u>Payroll</u>	UAAL as a Percentage of Covered <u>Payroll</u>
2004	\$13,240,761	101.23%
2005	12,107,801	109.35
2006	9,056,152	155.32
2007	8,385,783	171.73
2008	6,785,137	221.83
2009	6,057,848	254.26

THE EMPLOYERS' RETIREMENT SYSTEM OF JEFFERSON PARISH
Required Supplementary Information (Continued)
Schedule of Employer Contributions
December 31, 2009

	(A)	(B)	(B/A)
<u>Year Ended</u> <u>December 31</u>	<u>Annual</u> <u>"Required"</u> <u>Contribution</u>	<u>Annual</u> <u>"Actual"</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2004	\$1,764,121	\$1,560,449	88.45%
2005	1,949,082	1,843,872	94.60
2006	1,966,895	1,653,191	84.51
2007	1,984,888	2,003,193	100.92
2008	2,114,651	2,193,790	103.74
2009	2,270,155	2,211,236	97.40

The information presented in these required supplementary information schedules was determined as part of the actuarial valuation methods, assumptions and amortization periods as of the dates indicated. The latest actuarial valuation data, as noted in the actuary's report, is as follows:

Valuation date: December 31, 2009

Actuarial cost method: Individual Entry Age Normal with allocation of cost based on salary

Amortization method: Level dollar, closed

Amortization period: 15 years with level (same each year) payments

Asset valuation method: 3-year smoothing of all earnings above or below the valuation interest rate

Actuarial assumptions --

* Investment rate of return: 7.0%, net of investment expense

* Projected salary increases: 5.5%

* Includes an inflation rate of 3.25% and a merit rate of 2.25%.

Cost-of-living adjustments: None

OTHER SUPPLEMENTARY INFORMATION

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Other Supplementary Information
Summary of Historical Data
December 31, 2009

The Employees' Retirement System of Jefferson Parish began operating on January 1, 1973, after the employees of Jefferson Parish voted 87.8% in favor of such retirement system to replace Social Security.

The Parish paid all retirement benefits and other expenses of the System from January 1, 1973, through December 31, 1974, from its General Fund. Contributions to the System began on January 1, 1975.

The System was funded initially by contributions of 5.85% of total wages by both the employee and the employer from January 1, 1975, through January 6, 1978. The rate was increased to 6.05% each, effective with the January 30, 1978, payroll.

In 1979 the Louisiana Legislature amended the Parochial Employees' Retirement System law to require Jefferson Parish to pay an additional 4.3% contribution (from 1%) or abandon Jefferson Parish's supplemental system and join the revised PERS effective January 1, 1980.

On December 12, 1979, the Jefferson Parish System agreed to merge its supplemental system with PERS, effective December 15, 1979. As a result of this, the 4.3% increase in cost was avoided.

After advice by its actuary, confirmed by its legal counsel, and with a written opinion from the Louisiana Attorney General, the Employees' Retirement System of Jefferson Parish decided to join PERS' supplemental system before January 1, 1980, at no added cost to the Parish or its employees.

All of the employees who were members of the Employees' Retirement System of Jefferson Parish's separate supplemental plan on December 14, 1979 will be guaranteed all of the benefits offered by that plan, and all retirees entitled to benefits under that plan will continue to receive those benefits. The accumulated assets and funds of the Employees' Retirement System of Jefferson Parish were retained for that purpose. All persons employed after December 14, 1979 are members of the PERS only.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Other Supplementary Information (Continued)
Schedule of Administrative Expenses
For the Year Ended December 31, 2009

Salaries	\$122,486
Retirement contributions	16,531
Group insurance	30,326
Depreciation	1,660
Membership dues & publications	58
Postage	2,822
Office expenses	7,045
Insurance	1,050
Actuarial fees	21,900
Audit and consulting fees	10,880
Legal fees	16,046
Telephone	1,071
Expense allowance	8,261
Travel and seminar expenses	<u>709</u>
 Total Administrative Expenses	 <u>\$240,845</u>

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Other Supplementary Information (Continued)
Schedule of Insurance Policies in Force and
Compensation Paid Board Members
As of December 31, 2009

Insurance Policies in Force

The following insurance policies were in force on December 31, 2009:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Fidelity bond and depositor's forgery coverage, no deductible	\$500,000
Employees non-owned and hired vehicles liability, combined bodily injury and property damage, no deductible	\$1,000,000 each occurrence; \$1,000,000 general aggregate.
General liability, no deductible	\$1,000,000 each occurrence; \$1,000,000 general aggregate.
Workers' compensation, no deductible	Per policy on file

Compensation Paid Board Members

Board members do not receive any compensation or per diem.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Other Supplementary Information (Continued)
Summary Schedule of Prior Audit Findings and
Corrective Action Plan for Current Year Audit Findings
For the Years Ended December 31, 2009 and 2008

I have audited the accompanying general purpose financial statements of the Employees' Retirement System of Jefferson Parish, a component unit of Jefferson Parish, as of and for the years ended December 31, 2009 and 2008, and have issued my report thereon dated February 23, 2010. I conducted my audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audits of the financial statements as of December 31, 2009 and 2008, resulted in an unqualified opinion.

Section I - Summary of Auditor's Report and Findings

There was one material weakness in internal control that was a reportable condition which required disclosure in the current and prior years audit reports (Finding No. 1).

There were no other findings, required to be reported, and no management letter was issued for the current audit period.

There were no instances of noncompliance that were required to be reported in this audit report.

The Employees' Retirement System of Jefferson Parish did not receive any federal funds during either of the twelve months ended on December 31, 2009 or 2008.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Other Supplementary Information (Continued)
Summary Schedule of Prior Audit Findings and
Corrective Action Plan for Current Year Audit Findings
For the Years Ended December 31, 2009 and 2008

Section II - Financial Statement Finding

Finding No. 1

Fiscal Year Finding Initially Occurred: Has existed since inception.

Finding Described: The size of the System's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control.

Corrective Action and Additional Explanation: Management is aware of this inadequacy in the internal control structure, however, it feels that to employ such controls would not be cost beneficial. No action will need to be taken.

Contact Person:

Ms. Gwen L. Bolotte
Chairperson - Board of Trustees
The Employees' Retirement System
of Jefferson Parish, Louisiana
504-364-2668

Anticipated Completion Date: Not applicable.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

KEITH J. ROVIRA
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3331 METAIRIE ROAD
METAIRIE, LA 70001-5297

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Board of Trustees of
The Employees' Retirement System of
Jefferson Parish, Louisiana
A Component Unit of Jefferson Parish

I have audited the financial statements of the Employees' Retirement System of Jefferson Parish, a component unit of Jefferson Parish, as of and for the years ended December 31, 2009 and 2008, and have issued my report thereon dated February 23, 2010. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audits, I considered the Employees' Retirement System of Jefferson Parish's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Employees' Retirement System of Jefferson Parish's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Employees' Retirement System of Jefferson Parish's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and

would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as described below, I identified a certain deficiency in the internal control over financial reporting that I consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the System's ability to initiate, authorize, record, process, or report financial data reliably in accordance with general accepted accounting principles such that there is more than a remote likelihood that a misstatement of the System's financial statements that is more than inconsequential will not be prevented or detected by the System's internal control. I consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting (Finding No. 1).

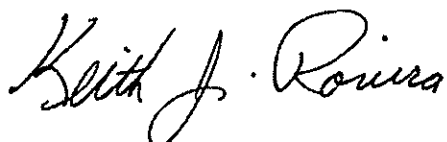
A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the System's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I considered the significant deficiency described in Finding No. 1 to be a material weakness.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether the Employees' Retirement System of Jefferson Parish's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, and the State of Louisiana Legislative Auditor, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the State of Louisiana Legislative Auditor, is a matter of public record.

A handwritten signature in cursive script, reading "Keith J. Rovira". The signature is written in dark ink and is positioned above the printed name and title.

Keith J. Rovira
Certified Public Accountant

February 23, 2010